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Central Intelligence Agency



Washington, D. C. 20505

## DIRECTORATE OF INTELLIGENCE

14 November 1984

Taiwan: Abandoning Low Key Diplomacy [redacted]

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Summary

Taiwan is apparently moving away from its "low-key diplomacy" of the past three years, reverting to a tougher and more aggressive stance in defending its international standing. Thus far, this shift has not affected US-Taiwan relations, but it could now that the US elections are over. Hardliners among President Chiang's senior advisers, who have increased their influence, could try to seize on US-China military relations in particular to push for a more aggressive, public campaign in Washington on arms and other issues--designed in large part to disrupt Sino-US relations. Those who favor quiet, behind-the-scenes lobbying to promote Taiwan's interests, such as Fred Chien would almost certainly oppose such a tack as dangerous and counter-productive. If the hardliners were to prevail, however, we would expect such a change in Taiwan's tactics to provoke a sharp reaction from Beijing, potentially creating new tensions in US-China relations. [redacted]

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This memorandum was prepared by [redacted] China Division, Office of East Asian Analysis. Information available as of 14 November 1984. Comments and questions are welcome and should be addressed to Chief, China Division, OEA, [redacted]

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### Background

Since 1981, Taiwan's foreign policy has been more flexible with Taipei abandoning efforts to compete with Beijing for official diplomatic recognition.<sup>1</sup> Conceding that it had already lost that battle, Taipei turned to what it called "substantive diplomacy," using its economic clout--primarily trade--to promote better political ties. Taipei has opened "trade offices" or other such informal entities in 37 major countries with which it no longer has diplomatic ties. In its dealings with the United States moreover, Taiwan had shifted from public calls for increased US-Taiwan official contacts to low-key, behind-the-scenes lobbying. [redacted]

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Taiwan also moderated its policy of "no contacts, no negotiations" with the Chinese by quietly allowing travel to the mainland and increased trade. Contacts between PRC and Taiwan delegations have increased at various international conferences and conventions, and athletes from both sides have competed in international sports competitions, including this year's Olympics. In all these cases, Taiwan agreed not to use its formal political designation as the Republic of China (ROC), but to use the "Olympic formula," calling itself either "China, Taipei," or "Chinese, Taipei." [redacted]

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In addition, Taiwan has over the past three years rejoined a number of international organizations that it had left following Chinese admission. In other cases, Taiwan has remained in an international organization after the Chinese joined. [redacted]

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### A Tougher Stance

Late this summer, that policy changed. In September, for example, the government published an order that had been sent to all of its unofficial overseas offices calling on them to use "ROC," rather than "Taiwan." Foreign Minister Chu Fu-sung announced publicly on 15 October that Taiwan would now insist on its principles (commitment to use of the title ROC), and that these principles would not be compromised "simply for the sake of participation in international organizations." Reflecting that shift, Taiwan sports delegations have recently pulled out of three international competitions after their requests to fly their national flag were refused. In other international

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organizations, such as the Asian Development Bank and Interpol, where Taiwan had hinted at compromise, Taipei is either threatening to leave or has already pulled out after the admission of China. [redacted]

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Taiwan is also taking a tougher public line on its rivalry with China. President Chiang's speech celebrating the island's national day--always hardline--was even more so this year. Taiwan media have also stopped hinting about the possibility of eventually reaching some sort of undefined accommodation with Beijing, a periodic staple of the 1981-1983 period. The recent Chinese economic reforms, which could have prompted favorable media commentary on Taiwan, have instead been scorned. [redacted]

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### New Personalities

We believe that the change toward a harder line began shortly after the departure from office of two major supporters of flexible policies. Premier Sun Yun-hsuan was removed as a key supporter of the moderate line [redacted] last spring. In June 1982, he had publicly proclaimed that because of the reforms taking place in China, the two economies would eventually converge, at which point reunification could take place. The departure of Sun also left his coterie of younger advisers, who used Sun's name to promote the low-key policy, without a patron. Sun's successor as premier is a conservative technocrat with little interest in innovative approaches to foreign policy. [redacted]

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Another important change was the demotion and transfer last year of former security strongman General Wang Sheng. Although Wang was a bitter anticommunist, he nonetheless recognized that Taiwan needed to appear flexible in order to avoid charges of intransigence, and was apparently able to persuade the normally rigid security services to go along. [redacted]

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[redacted] for example, Wang was behind Taiwan's decision to invite China to send a team to an international softball tournament that was to have been held in Taiwan last year. [redacted]

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The departure of Sun coincided with a major government and party shuffle that moved Shen Chang-huan, 72, to Secretary General of the President's Office--a key position that controls access to the President. Shen has long been associated with a tough line on the question of "officiality" and on the use of "ROC." [redacted] Shen was the author of the 1978 "Five Principles Governing Relations with the United States," of which the first principle was to maintain as many of the formal trappings of official relations with the United States as possible. [redacted]

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[redacted]

We believe that Shen's position is supported by many in the ruling Kuomintang who believe that the use of designations other than ROC is demeaning. Even President Chiang charged in September that China was using the "Olympic formula" to create the impression internationally that Taiwan is simply a local government under Beijing. This group has always believed, unlike younger officials, that the Beijing-Taipei rivalry is a zero-sum game, and that the nations of the world must be forced to choose between them. [redacted]

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We believe that Shen's appointment has threatened the position of those who still favor quiet diplomacy, most notably Fred Chien (Chien Fu), the director of Taiwan's informal representative office in Washington. Chien, a tough, aggressive diplomat, has made a determined effort to promote Taiwan's interests by cultivating key figures in the US government and private sector. Although he would like to see Taiwan achieve greater official status in Washington, he has been willing to compromise on form in order to obtain a stronger substantive relationship. [redacted]

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Shen and Chien have long been contenders for influence on foreign policy issues. Shen's return to power--he had been foreign minister until 1978--means that Chien may be ordered to push Washington to grant Taipei more official status, and to assume a much higher public profile. Such moves could include demands for the opening of additional representative offices in the United States, or allowing Taiwan's representatives to enjoy more of the "diplomatic" privileges accorded to representatives from countries with which the United States has formal ties. [redacted]

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#### Other Factors

The Hong Kong Agreement. Taipei is also concerned that the recent Sino-British agreement over the future of Hong Kong will weaken Taiwan's support in the United States. In the past, Taiwan had rejected calls for it to begin negotiations with the mainland by arguing that Beijing could not be trusted to honor any commitment, and by pointing to Tibet as evidence. Taipei fears that the Hong Kong settlement, at least as long as it continues to progress smoothly, will create a precedent, increasing the pressure on Taiwan to negotiate. [redacted]

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In addition, Taiwan may be responding to Chinese pressure--in the ADB and Interpol, for example--to reduce Taiwan's status to that of a province of China. Indeed, we believe that Taiwan's top leaders now fear that their three-year effort to appear forthcoming to Beijing's overtures was misconstrued as evidence of Taipei's willingness to reach an eventual accommodation on the

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island's status. The government moved to correct this impression last month when it disavowed the longstanding proposal of Wei Yung, formerly one of Premier Sun's top advisers. Wei had suggested that Taiwan and China could be reunified under the concept of a "multisystem nation" granting each side sovereignty over the area it controlled. Taiwan's leaders were alarmed, in our view, that Wei's proposal sounded too similar to the "one nations, two systems" formula that Deng Xiaoping has been stressing since that Hong Kong accord was concluded. [redacted]

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US Arms to China and Taiwan's Tactics During a Second Reagan Term. The prospect of US arms sales to China is of immediate concern to Taipei, and could tip the balance in favor of the hardliners. Thus far, Taipei's fears about US-China military relations have been mollified by the new weapons that the United States has sold to Taiwan, and by private US assurances given to Taipei. Nonetheless, those supporting a tougher stance believe that US arms sales to China pose a direct threat to Taiwan's interests that must be countered. Thus, they might argue that Taiwan should, as it did prior to 1981, try to disrupt US-China relations by publicizing, distorting, or even fabricating information about developments in US-Taiwan relations, and by trying to adopt as high a profile as possible in Washington. [redacted]

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The hardliners have not yet altered Taiwan's approach to Washington, but they may simply have been waiting until after the US elections to press for a change. If so, they may now begin to push for a public campaign for increased signs of official status for Taiwan representatives, or for sales to Taiwan of sophisticated US arms that they know would provoke a sharp reaction from Beijing. They might also lobby the US Congress to try to block the US-China nuclear cooperations agreement, putting Washington in a cross fire between Beijing and Taipei. [redacted]

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Not all of President Chiang's top advisers, however, would support such a shift. Many of them are satisfied with US policy and are optimistic that a second Reagan term promises further progress. Fred Chien--whose influence with Chiang rivals Shen Chang-Huan's--probably would argue that such an provocative approach would undo the progress he has made and risk alienating Taiwan's strongest supporters in the US Government. In the final analysis, therefore, whether the hardline or more flexible approach prevails could hinge on the outcome of the Shen-Fred Chien rivalry. But in either case, we expect Taiwan to intensify its efforts now to strengthen its influence in Washington and to try to retard the growth of Sino-US relations, which Taipei fears could eventually undermine its "special relationship" with the United States.

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